NATIONAL INSTITUTES OF HEALTH

(Dollars in millions)

	1995 Actual	1996 Policy	1997 Request	Request +/- Policy
Program Level	$11,295	$11,950	$12,435	+$485
Budget Authority	11,284	11,939	12,406	+467
Outlays	10,875	10,916	11,949	+1,033
FTE	15,474	15,474	15,474	0

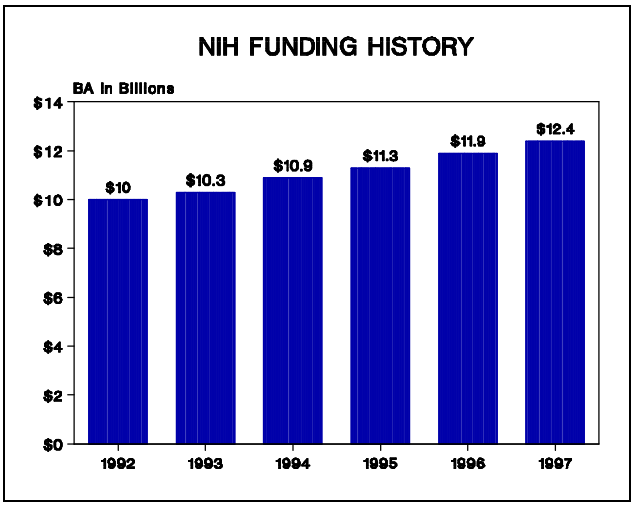
Summary

The FY 1997 request for the National Institutes of Health (NIH) totals $12.4 billion, an increase of $467 million, or 4 percent, over the FY 1996 level. This includes an additional $274 million related to the construction of the Clinical Research Center and an additional $193 million for research activities. NIH has constructed its budget request to minimize the impact on research project grants of this one-time extraordinary facilities cost.

Our Nation's historic commitment to biomedical research has spawned a steady march of progress--from the creation of new drugs targeted to specific diseases to the mapping of the human genome. NIH is the preeminent biomedical and behavioral research organization in the United States and provides world leadership in these fields through the conduct, support, and promotion of outstanding research both in its own intramural laboratories and in partnership with over 2,000 of our country's colleges, universities, and other scientific institutions. The Institutes and Centers funded by NIH's 24 appropriations are committed to supporting initiatives having the greatest potential for improving health, reducing the risk of disease, and ultimately, improving the quality of human life.

Investments in research are the engines of long-term economic progress. This is why, in a time of limited growth across the Federal Government, this Administration continues to fight for steady increases in research, as evidenced with this FY 1997 budget request for NIH. In the past three years, these efforts have paid off, time and time again. They have helped lead to the discovery of three genes linked to hereditary breast cancer; to the first drug treatment for severe sickle cell anemia; to the first treatment for the most common form of stroke; to five new licensed anti-viral drugs for people living with HIV/AIDS; and to three recently approved protease inhibitors, a whole new class of drugs to combat AIDS. Yet, these advances were also the culmination of many smaller, less dramatic discoveries over many years, which demonstrate the need to take the long view of basic research. A panel of experts sent a tough wake-up call last December when it concluded that the promise of gene therapy, while awe inspiring, is still miles away from being realized. It reminded us that we must

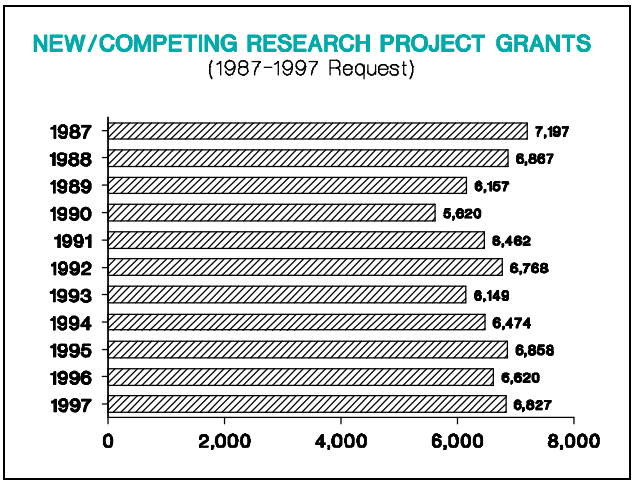
invest more in the foundation of our scientific universe, in the incremental gifts of basic science that help us unleash blockbuster discoveries over time. Stable and secure funding is needed to nourish the seeds of research, to create an atmosphere in which young investigators are pulled into science, inspired to stay there, and ultimately train the next generation of scientists.

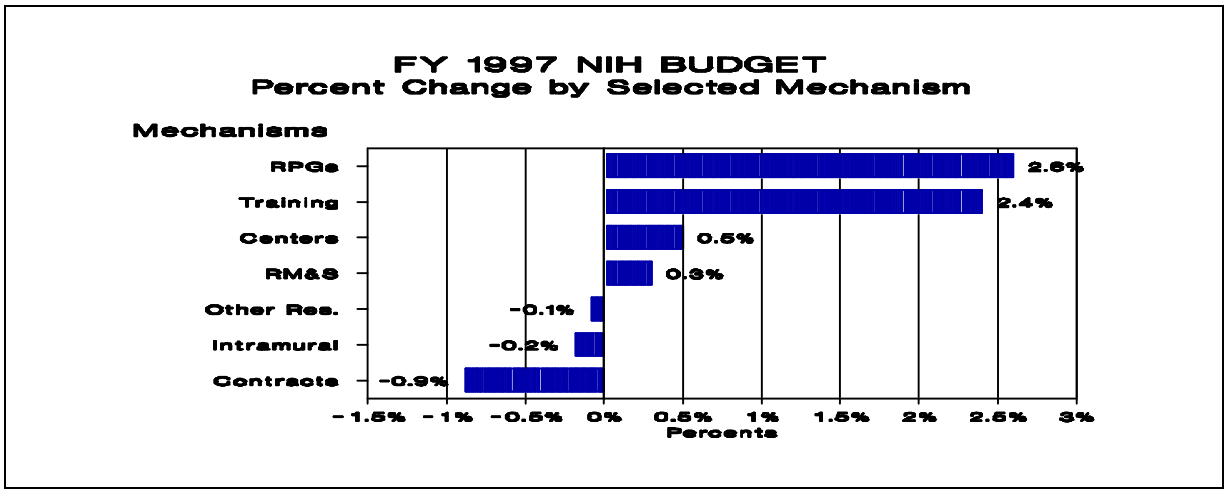


For FY 1997, NIH has identified five biomedical research areas for emphasis in which it sees an opportunity to explore a set of emerging technologies, approaches, and treatments that will help expand the frontiers of biomedical knowledge and that offer great promise for curing disease and furthering the Nation's health. NIH plans to spend an additional $99 million in FY 1997 to emphasize research on the biology of brain disorders; on new approaches to pathogenesis, the study of disease origins and development; on new preventive strategies against disease; on genetics of medicine; and on advanced instrumentation and computers in medicine and research.

Research Project Grants

The highest priority of NIH is the support of basic biomedical research through investigator-initiated research project grants (RPGs). These grants support new and promising ideas cutting across all areas of biomedical research. In FY 1997, the NIH budget provides $6.6 billion to support a record total of 25,400 RPGs, including 6,827 new and competing RPGs. This represents an increase of 207 new and competing RPGs, and an increase of 733 in the number of total RPGs compared to FY 1996. In recognition of its importance to the NIH mission and the current state of knowledge for future breakthroughs in many disease areas, NIH is devoting 86 percent (+$166 million) of its non-facilities increases in FY 1997 to the RPG mechanism. Funds for small business research and technology transfer grants are also slated to rise by $43 million in FY 1997, in accordance with statutory earmarks. In addition, NIH is continuing its pilot studies to fine-tune and streamline the peer-review system to ensure that every dollar counts and that research funds are spent wisely and effectively.





Clinical Center Revitalization

A major feature of the FY 1997 President's budget for NIH is the commitment to revitalize both the operations and the facilities of the Warren G. Magnuson Clinical Center. The Center is the core clinical research facility at NIH and is the largest of its kind in the world. It provides protocol-specific patient care in support of the intramural research programs sponsored by most NIH Institutes, and serves as a resource for training clinical investigators. Each year, an average of 20,000 children and adults from across the country, and in some instances, the world, are referred to the Clinical Center for experimental treatment and study. These patients account for approximately 65,000 inpatient days and 70,000 outpatient visits a year. Nearly 1,000 clinical research protocols are ongoing at the Clinical Center at any one time. This represents approximately 25 percent of all Federally funded outpatient visits associated with clinical research and nearly half of all the Federally funded clinical research beds in the Nation. Funding for the Clinical Center is derived from assessments on the participating Institutes and Centers.

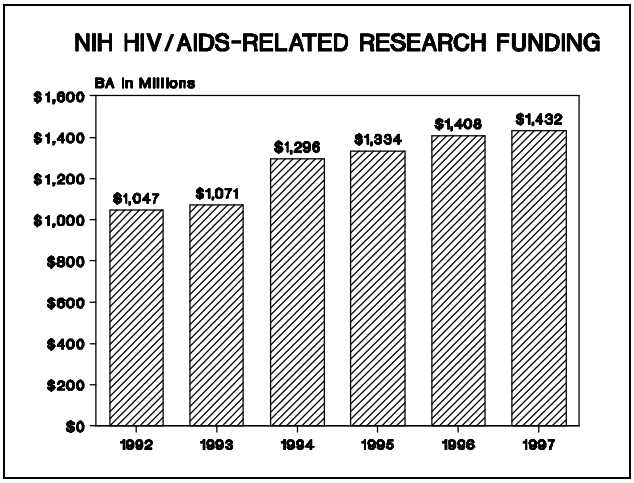
An "Options Team," created by the Secretary last summer, recently completed a thorough review of Clinical Center operations. The Options Team has identified numerous processes and structures that will be reengineered to improve the effectiveness and efficiency of the Clinical Center. The Team's report recommended fundamental alterations in the way the Clinical Center is governed, funded, and managed. As a result, a new Board of Governors is being created to oversee the operations and budgeting of the Clinical Center and to assist it in developing strategic, long-term planning with measurable objectives. NIH has committed to ensure that funding for the Clinical Center is made more stable through its Management Fund assessments and through a budget proposal to make such funds available for two years, instead of the usual one. Authority is also being sought to allow the Clinical Center to collect and keep third-party reimbursements for some patient services. Furthermore, as a result of its intensive self-review, the Clinical Center has initiated steps to reduce regulations, enhance autonomy, and improve personnel and procurement practices.

In addition, the FY 1997 President's budget for NIH requests a total of $310 million for the construction of a new, state-of-the-art Clinical Research Center on the NIH campus in Bethesda, Maryland, to replace the 500-bed hospital component and build some additional

associated laboratories. The current facility was built in the early 1950s and is now physically deteriorated and is becoming functionally obsolete. This budget request is the product of over seven years of study of NIH's facilities, including critical independent assessments by the U.S. Army Corps of Engineers in 1991, and the NIH Director's External Advisory Committee on the NIH Intramural Research Program in 1994 which recommended the Clinical Center's hospital component be downsized from the current 500-bed capacity to a 250-bed facility. This new facility will be more efficient to run, more affordable to maintain, more flexible to staff, and more rapidly adaptable to the clinical challenges of the future. Together, these operational and facilities improvements will ensure that the Clinical Center flourishes well into the next century as the national core of clinical research.

Office of AIDS Research

The FY 1997 President's budget again includes all of NIH's AIDS-related funds--$1.4 billion--in a single account for the Office of AIDS Research (OAR), as these funds were appropriated in FY 1995. The Director of OAR will transfer AIDS funds to the Institutes in accordance with the comprehensive plan for AIDS research developed by the OAR along with the Institutes. The Administration strongly supports a consolidated AIDS appropriation as a vital part of ensuring a coordinated and flexible response to the AIDS epidemic.



The AIDS research effort is unlike any other program at the NIH in that it spans the agendas of every Institute at NIH. Managing this complex and vast research portfolio requires a unique and unprecedented level of scientific leadership to determine research priorities and to ensure collaboration and minimize duplication in a united front against this devastating epidemic. The creation of the OAR has meant that there is now a single entity solely devoted to directing and coordinating the entire NIH AIDS research program. The consolidated appropriation also gives the OAR the opportunity to reassess resource allocations across the Institutes based on scientific developments that may occur after the budget is developed.

The FY 1997 budget includes $1.4 billion for AIDS-related research. This is an increase of 1.7 percent over FY 1996. The requested net $24 million increase for AIDS represents an additional $53 million for the support of investigator-initiated research projects and small business grants, with a $29 million decrease in the research contracts, intramural research, other research, and administrative support mechanisms. This emphasis on investigator-initiated basic research will allow for a broader search and assessment of the HIV/AIDS disease itself, which is needed at this time before major new advances in AIDS treatments and vaccines are likely to occur. Fundamental research on AIDS is also expected to have a significant impact on research in non-AIDS areas as well, as NIH focuses on better integrating behavioral and biomedical research programs related to AIDS. Similarly, the construction of

the new Clinical Research Center is also expected to greatly benefit AIDS research; approximately ten percent of research conducted in the current outdated Clinical Center is related to AIDS.

Other Research Mechanisms

In FY 1997, NIH plans to increase spending for research training by $10 million over FY 1996, a 2.4 percent increase. This will allow NIH to support 14,749 individual and institutional full-time research training positions. Within this increase, NIH will provide a 2.2 percent across-the-board stipend increase, the first stipend increase since FY 1994.

All other research mechanisms, excluding research project grants and training, are being held nearly constant in FY 1997, compared to FY 1996. Research centers are increasing only 0.5 percent, intramural research is decreasing 0.1 percent, and research contracts are decreasing 0.9 percent, all reflecting NIH's emphasis on investigator-initiated research project grants in the FY 1997 budget. Research management and support costs are generally being maintained at the reduced FY 1996 levels.

NIH OVERVIEW (by Institute/Center)

(Dollars in millions)

	1995 Actual	1996 Policy	1997 Request	Request +/- Policy
Institute:				
NCI	$1,913	$2,025	$2,060	+$35
NHLBI	1,243	1,298	1,321	+23
NIDR	163	171	175	+4
NIDDK	725	760	773	+13
NINDS	628	658	671	+13
NIAID	537	573	584	+11
NIGMS	880	921	937	+16
NICHD	509	534	543	+9
NEI	292	305	310	+5
NIEHS	266	283	289	+6
NIA	432	452	462	+10
NIAMS	228	239	243	+4
NIDCD	167	175	179	+4
NIMH	541	568	578	+10
NIDA	290	305	312	+7
NIAAA	180	188	192	+4
NINR	48	51	52	+1
NCRR	287	322	309	-13
NCHGR	153	169	178	+9
FIC	15	16	16	0
NLM	136	149	154	+5
OD	214	234	227	-7
OAR	1,334	1,408	1,432	+24
Third Party Reimbursements	0	0	18	+18
Subtotal	$11,181	$11,804	$12,015	+$211
B&F	114	146	420	+274
Subtotal, Program Level	$11,295	$11,950	$12,435	+$485
Offsets:				
NLM User Fees	-$11	-$11	-$11	$0
Third Party Reimbursements	0	0	-18	-18
Total, BA	$11,284	$11,939	$12,406	+$467
FTE	15,474	15,474	15,474	0

NIH OVERVIEW (by Mechanism)

(Dollars in millions)

	1995 Actual	1996 Policy	1997 Request	Request +/- Policy
Mechanism:				
Research Project Grants	$6,046	$6,420	$6,586	+$166
[No. of Non-competing].....	[17,069]	[18,047]	[18,573]	[+526]
[No. of New/Competing]	[6,858]	[6,620]	[6,827]	[+207]
[Total No. of Grants]....	[23,927]	[24,667]	[25,400]	[+733]
SBIR/STTR Grants	$173	$186	$229	+$43
Centers	1,006	1,038	1,044	+6
Research Training	381	395	405	+10
R&D Contracts	723	771	764	-7
Intramural Research	1,241	1,300	1,297	-3
Research Management/Support .	519	481	482	+1
Nat'l Library of Medicine (NLM)	139	152	157	+5
Office of the Director	239	261	252	-9
Women's Health Study [non-add]	[57]	[57]	[57]	[0]
Minority Health Study [non-add]	[58]	[63]	[63]	[0]
Other Research	714	800	781	-19
Buildings and Facilities	114	146	420	+274
Third Party Reimbursements	0	0	18	+18
Subtotal, Program Level	$11,295	$11,950	$12,435	+$485
Offsets:				
NLM User Fees.....	-$11	-$11	-$11	$0
Third Party Reimbursements	0	0	-18	-18
Total, BA	$11,284	$11,939	$12,406	+$467
FTE	15,474	15,474	15,474	0